



CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Lee P. Brown, Mayor
Members of City Council

From: Philip B. Scheps
Director

Date: October 31, 2003

Cc: Sara Culbreth, Acting CAO

Subject: **SEPTEMBER MONTHLY FINANCIAL
AND OPERATIONS REPORT**

The purpose of this document is to provide the monthly financial report for the period ending September 30, 2003. This represents the third monthly report for the 2004 fiscal year. Accordingly, the FY2004 adopted budget numbers are now shown, along with preliminary FY2003 results, entitled "FY2003 Preliminary CAFR".

Revenues

Total revenues for the fiscal year are being projected by F and A to be \$1.395 billion, which is approximately \$5.9 million below the adopted budget, a \$200 thousand decrease from the prior monthly report. The primary causes of this change in projection are related to decreases in electric franchise revenue and municipal courts revenue, offset by increases in ambulance revenue and miscellaneous/other revenue as described below:

Municipal Courts Revenue - The current report revises the revenue estimates downward by \$1.8 million, based on actual revenue received in the first three months of the fiscal year. As shown on pages 43-45, ticket issuance, delinquent collections and parking collections are all below first quarter expectations.

Ambulance Revenues - As discussed last month, ambulance collections have been trending above expectations, with average deposits of approximately \$110,000 per day. This amount exceeds the budget target of \$103,586 per day. This compares to an average deposit of \$93,676 per day last year. Therefore, the revenue estimates have been increased by \$1.9 million.

This upward trend is the result of several factors, including increased electronic connectivity with area hospitals which enables us to obtain better quality patient billing data and, make collection phone calls. To date, eleven key hospitals are transmitting Health Insurance Portability and Accountability Act (HIPAA) compliant patient data files to us weekly, and we are making thousands of collection phone calls each month to transport patients.

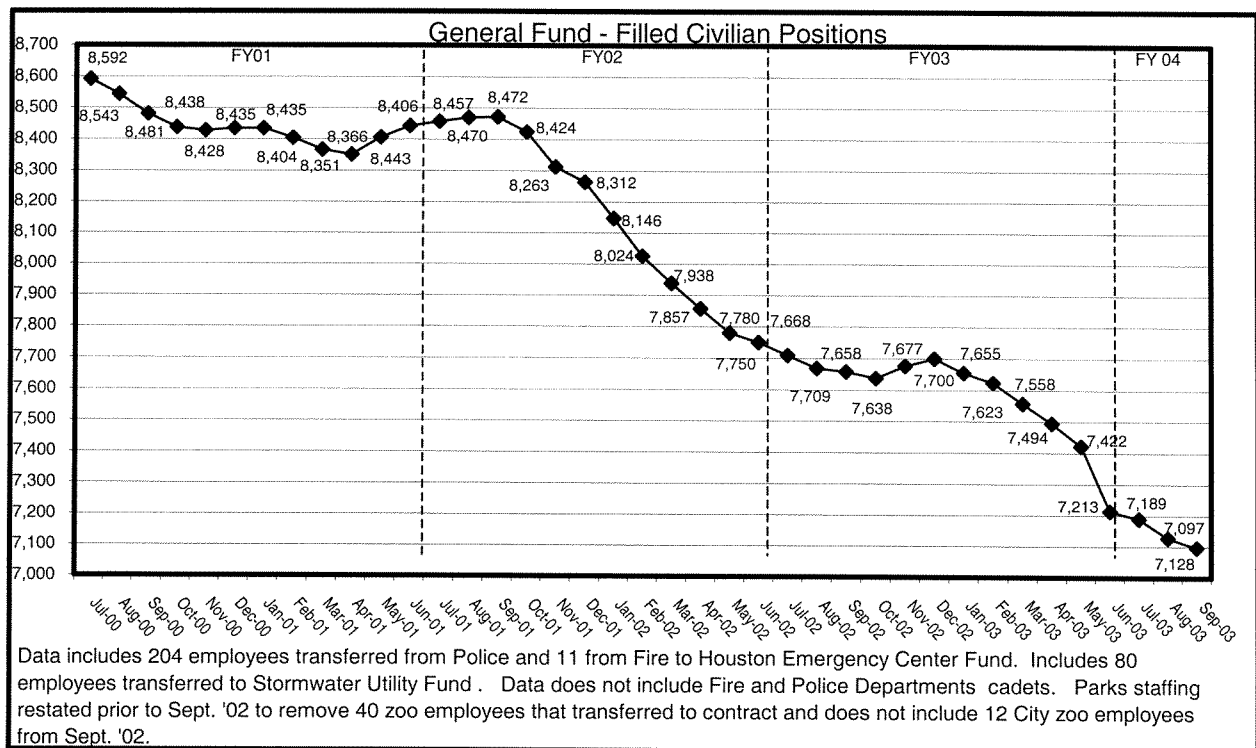
As of this report, 11 new laptop computers have been installed in ambulances. The schedule calls for 90 additional installations at the rate of 6 per week.

Miscellaneous/Other Revenues – Unanticipated revenue from the General Fund portion of an asbestos settlement (\$680 thousand) and additional reimbursement of TIRZ administrative costs (\$832 thousand) are the primary sources for this increase in projection.

Expenditures

A review of personnel spending in the first quarter of the fiscal year has resulted in reductions in projection in several departments as indicated on page 3. The Administration is also preparing additional reductions to departmental budgets that will close the remaining \$7 million gap between projected revenues and expenditures.

General Fund civilian staffing continues to decrease, as shown on the following chart, even though increases in new hiring began after the adoption of the budget. Filled civilian positions at the end of September stood at 7,097, a decrease of approximately 1,495 from the peak count in July, 2000.



Fund Balance

At the budgeted level of expenditures, the fund balance at the end of FY 04 is projected to be \$101.5 million, which includes the Rainy Day Fund balance of \$20 million. This amount is approximately 8.2% of expenditures less debt service.

Enterprise Funds

Water and Wastewater's projection has been revised to recognize \$60 million in Other Non-operating Revenues. These revenues are a result of money received from the North Harris County Regional Water Authority and the West Harris County Regional Authority for capacity at the Houston Area Water Corporation (HAWC) that has been committed to these water authorities. Consequently, the projected other income for FY2004 has increased to \$80.1 million.

Please call me if you have any questions.



Philip B. Scheps